

# Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: February 25-26, 2004

Reference No.: 4.4  
Action Item

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Ref: **FISCAL YEAR 2003-2004 ASSET MANAGEMENT ANNUAL REPORT – THE FIVE YEAR CAPITAL INFRASTRUCTURE PLAN**

At the January 2004 California Transportation Commission (Commission) meeting, the Department of Transportation (Department) made a presentation on the Asset Management Annual Report. During the presentation several questions were asked regarding the Five-Year Capital Outlay Infrastructure Plan (Plan), its relationship and consistency with the 2004 Fund Estimate adopted by the Commission. This book item addresses those issues.

## **SUMMARY**

The Plan is in response to Government Code, Article 2, Sections 13100-13102, requiring all Departments to annually submit such a plan to the Department of Finance (Finance). This Plan is used by Finance in developing the annual State Budget item for each Department's infrastructure improvements. The Department met this requirement and submitted its FY 2004-05 Plan to Finance by March 1, 2003. The Plan contained 11 projects proposed for the five years (FY 2004-05 through FY 2008-09) at a total cost of \$85.79 million. It should be noted that seven of the 11 projects were studies with construction of those projects scheduled for later years.

## **BACKGROUND**

Prior to the submittal of the proposed FY 2004-05 State Budget, Finance directed the Department to reduce all proposed studies in the Plan from \$700,000 to \$100,000 for FY 2004-05. The Department determined that the highest priority project in the Plan was a District 04 (Oakland), district office seismic project. This project is for studies with an estimated \$5 million construction project cost (based on other seismic retrofits). The request from Finance to remove the \$600,000 of studies, in effect, reduced and delayed the FY 2004-05 Plan and eliminated nearly \$81 million of associated construction project costs.

The District 04 building was completed in 1991, designed and built to the most stringent seismic design standards at the time. After the Southern California Northridge earthquake of 1994, damage found in buildings revealed the same welded steel moment frame (WSMF) construction that was also

used in the District 04 building. Following the Northridge earthquake, a Federal policy (“A Policy Guide to Steel Moment Frame Construction”) was published in 2001. Based on this new policy, the Department of General Services (General Services) re-evaluated the District 04 building and rated it a “risk level 5”, with “7” being the most severe risk. A more detailed evaluation by General Services, published May 2003, estimated cost to upgrade the District 04 building is now at \$29 million.

These three actions (completion and submission of the FY 2004-05 Plan in March 2003, reduction of the Plan by Finance, District 04 seismic cost increase by General Services) all occurred prior to adoption of the Fund Estimate, and were incorporated in the 2004 Fund Estimate (See attachment). Consistent with the 2004 Fund Estimate, the 2004 SHOPP will propose about \$30 million of activities to seismically update the District 04 building and conduct \$1 million in studies during the 2004 SHOPP period. These figures are shown in Appendix A on page 32 of the adopted Fund Estimate. The 2004 Five-Year Capital Outlay Infrastructure Plan, to be submitted to Finance in March 2004, will also reflect these more recent decisions and cost figures.

Attachment

List of Projects in Ranked Order  
(Not Funding Order)

Project Rank	District	Project	Year 1 2004/05 Phase	Year 2 2005/06 Phase	Year 3 2006/07 Phase	Year 4 2007/08 Phase	Year 5 2008/09 Phase	Five-Year Funding	Phase
<b>Major Program Category 1: CRITICAL INFRASTRUCTURE DEFICIENCY</b>									
1	5	Office Building Replacement	\$75,000 S \$75,000	\$75,000 S \$75,000	\$0	\$0	\$0	\$75,000	1
		Subtotal							
2	2	Office Building Annex	\$0	\$0	\$1,280,000 P \$1,280,000	\$1,920,000 W \$1,920,000	\$12,800,000 C \$12,800,000	\$0	
		Subtotal							
3	4	Seismic Project	\$1,945,000 W \$1,945,000	\$27,489,000 C \$27,489,000	\$0	\$0	\$0	\$29,434,000	
		Subtotal							
<b>CATEGORY 1 TOTAL:</b>									
			\$1,945,000	\$27,564,000	\$0	\$0	\$0	\$29,509,000	
<b>Major Program Category 2: FACILITY INFRASTRUCTURE MODERNIZATION</b>									
4	1	Infrastructure Upgrade	\$0	\$75,000 S \$75,000	\$236,000 P \$236,000	338,000 W \$338,000	\$3,470,000 C \$3,470,000	\$75,000	
		Subtotal							
5	10	Infrastructure Upgrade	\$0	\$75,000 S \$75,000	\$2,192,000 P \$2,192,000	\$3,200,000 W \$3,200,000	\$21,920,000 C \$21,920,000	\$75,000	
		Subtotal							
6	9	Infrastructure Upgrade	\$0	\$75,000 S \$75,000	\$1,256,000 P \$1,256,000	\$1,884,000 W \$1,884,000	\$12,560,000 C \$12,560,000	\$75,000	
		Subtotal							
7	HQ	Infrastructure Upgrade	\$0	\$0	\$0	\$0	\$0	\$0	
		Subtotal							
8	4	T-8 Fluorescent Lighting Upgrade	\$0	\$0	\$0	\$430,000 C \$430,000	\$0	\$0	
		Subtotal							
<b>CATEGORY 2 TOTAL:</b>									
			\$0	\$225,000	\$0 #	\$0	\$0	\$225,000	
<b>Major Program Category 3: WORKLOAD SPACE DEFICIENCY</b>									
9	6	Office Building- (from lease-space)	\$0	\$0	\$0	\$0	\$0	\$0	
		Subtotal							
10	HQ	Office Building- (from lease-space)	\$0	\$0	\$0	\$0	\$500,000 A \$500,000	\$0	
		Subtotal							
11	12	Office Building- (from lease-space)	\$125,000 S \$0	\$0	\$0	\$5,576,000 P \$5,576,000	\$8,364,000 W \$8,364,000	\$0	
		Subtotal							
<b>CATEGORY 3 TOTAL:</b>									
			\$100,000	\$0	\$0	\$0	\$0	\$0	
<b>Study, Budget Packs, &amp; Planning</b>									
			\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$900,000	
<b>ALL CATEGORY TOTAL:</b>									
			\$2,045,000	\$27,989,000	\$200,000	\$200,000	\$200,000	\$30,634,000	